NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California

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For Immediate Release

NEWS RELEASE SUMMARY - March 20, 2006

United States Attorney Carol C. Lam announced that United States District Court Judge Napoleon A. Jones today sentenced Kathleen Harrison to serve 30 months in custody and ordered her to pay nearly $1.7 million in restitution to the victims. Harrison previously pleaded guilty to 25 counts of mail fraud and one count of filing false tax returns, stemming from her operation of an investment business in San Diego County. The Court ordered Harrison immediately into custody to begin serving her sentence.

According to Assistant U.S. Attorney Anne K. Perry, who prosecuted the case, from 1999 to 2001, Harrison solicited her tax clients to participate in various investment opportunities, ranging from real estate investments to trust partnerships. When the investments failed, Harrison paid established investors with funds received from newer investors, a process typically referred to as a "Ponzi" scheme. Harrison also concealed from her clients that she diverted funds for her own personal use and benefit. Additionally, Harrison admitted that she filed a tax return for calendar 1998 that substantially understated her own tax-preparer income.

DEFENDANT

KATHLEEN ALTA HARRISON

SUMMARY OF CHARGES

Mail Fraud, in violation of Title 18, United States Code, Section 1341
Penalty: 20 years' incarceration, $250,000 fine, $100 penalty assessment

Making and Subscribing a False Tax Return in violation of Title 26, United States Code, Section 7206(1)
Penalty: 3 years' incarceration, $100,000 fine, $100 penalty assessment

INVESTIGATING AGENCIES

Federal Bureau of Investigation
Internal Revenue Service, Criminal Investigations Division